GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:876
ANSWERED ON:22.11.2007
MERGER OF IA AND AI
Channappa Shri Kunnur Manjunath;Masood Shri Rasheed

Will the Minister of CIVIL AVIATION be pleased to state:

(a) the technical and procedual formalities completed so far for merging Indian Airlines (IA) with Air India (AI);

(b) the extent to which the merger would be beneficial to the Government and the civil aviation sector;

(c) the status of employees of both the airlines after merger; and

(d) the strategy being adopted to meet effecively the challenges posed by private competitors in the aviation sector?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a): The legal process of merger of Air India Limited and Indian Airlines Limited into a new company called the National Aviation Company of India Limited (NACIL) has been completed and the new Board of NACIL has also been constituted on 18.09.2007.

(b) and (d): The integration of the two airlines will lead to developing seamless connectivity network of regional operations, short to medium haul trunk operations and long haul operations resulting in an improved product offering through wider network coverage. The merger will also provide significant synergy for procurement, sales and distribution besides affording an opportunity for leveraging common assets. The new airline, with more than 112 aircraft, having an international and domestic footprint would set fresh benchmarks for efficiency and reliability, thus benefiting the civil aviation sector in the country, specially the travelling public.

(c): Employee interests have been taken due care of through the Scheme of Amalgamation approved by the Ministry of Corporate Affairs. All employees of the erstwhile Indian Airlines Limited and Air India Limited have become employees of NACIL without any breach or interruption of service and on terms and conditions not less favourable than those applicable to them on the date of amalgamation. A 3 - tier Grievance Redressal Machinery has been put into place to address any employee grievances.